

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1.9422
D85u6
Cap 2

UNITED STATES DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION
DAIRY BRANCH

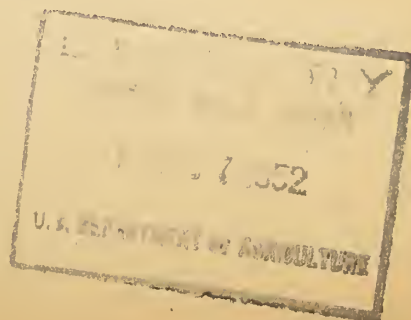
INSERTS
FOR
SUMMARIES
FLUID MILK MARKETING ORDERS

Revised to January 1, 1952
and

Federal Register Citations
for the Milk Price Orders

The attached are inserts to be substituted for the corresponding pages in the Summaries of Fluid Milk Marketing Orders, April 1, 1948, and Federal Register Citations for the milk price orders. These inserts revise the Federal orders as effective on January 1, 1952. The last insert was issued on December 1, 1951.

Agriculture - Washington



ST. LOUIS - ORDER NO. 3

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|-------------------|
| 14 FR 4775 | 7/30/49 | Order, as amended |
| 15 FR 1827 | 3/31/50 | Amendment No. 4 |
| 15 FR 9427 | 12/30/50 | Amendment No. 5 |
| 16 FR 12170 | 12/1/51 | Amendment No. 6 |

BOSTON - ORDER NO. 4

| | | |
|------------|---------|-------------------|
| 16 FR 9929 | 9/29/51 | Order, as amended |
|------------|---------|-------------------|

OKLAHOMA CITY - ORDER NO. 5

| | | |
|-------------|----------|-----------------|
| 15 FR 1770 | 3/30/50 | Order |
| 16 FR 2782 | 3/30/51 | Amendment No. 1 |
| 16 FR 11048 | 10/31/51 | Amendment No. 2 |
| 16 FR 11049 | 10/31/51 | Amendment No. 3 |

TULSA - ORDER NO. 6

| | | |
|------------|---------|-----------------|
| 15 FR 1829 | 3/31/50 | Order |
| 16 FR 2784 | 3/30/51 | Amendment No. 1 |

MILWAUKEE - ORDER NO. 7

| | | |
|-------------|----------|---|
| 15 FR 7173 | 10/26/50 | Order |
| 15 FR 9428 | 12/30/50 | Amendment No. 1 |
| 16 FR 3691 | 5/1/51 | Amendment No. 2 |
| 16 FR 6339 | 6/30/51 | Amendment No. 3 |
| 16 FR 10922 | 10/27/51 | Amendment No. 4 |
| 16 FR 12851 | 12/22/51 | Order suspending certain provisions. |

DUBUQUE - ORDER NO. 12

| | | |
|------------|---------|-------------------|
| 14 FR 3226 | 6/15/49 | Order, as amended |
|------------|---------|-------------------|

KANSAS CITY - ORDER NO. 13

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|-------------------|
| 16 FR 67 | 1/4/51 | Order, as amended |
| 16 FR 11050 | 10/31/51 | Amendment No. 3 |

MEMPHIS - ORDER NO. 18

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|---------------|
| 15 FR 6533 | 9/28/50 | Order |

SPRINGFIELD, MISSOURI - ORDER NO. 21

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|---------------|
| 16 FR 1225 | 2/9/51 | Order |
| 16 FR 12176 | 12/1/51 | Amendment |

DETROIT - ORDER NO. 24

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|---------------|
| 16 FR 6341 | 6/30/51 | Order |

PUNNET SOUND - ORDER NO. 25

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|---------------|
| 16 FR 3631 | 4/28/51 | Order |
| 16 FR 8816 | 8/31/51 | Amendment |

NEW YORK - ORDER NO. 27

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|-------------------|
| 16 FR 12851 | 12/22/51 | Order, as amended |

SOUTH BEND-JAPORTE - ORDER NO. 67

| <u>Citation</u> | <u>Date Published</u> | <u>Action</u> |
|-----------------|-----------------------|-------------------|
| 15 FR 1776 | 3/30/50 | Order, as amended |
| 15 FR 9432 | 12/30/50 | Amendment No. 1 |
| 16 FR 6359 | 6/30/51 | Amendment No. 2 |

WICHITA - ORDER NO. 68

| | | |
|------------|---------|-------------------|
| 16 FR 2786 | 3/30/51 | Order, as amended |
| 16 FR 8817 | 8/31/51 | Amendment No. 4 |
| 17 FR 7 | 1/1/52 | Amendment No. 5 |

DAYTON-SPRINGFIELD - ORDER NO. 71

| | | |
|-------------|---------|-------------------|
| 16 FR 10052 | 10/3/51 | Order, as amended |
|-------------|---------|-------------------|

New York, New York

Marketing Area:

New York City and Counties of Nassau, Suffolk (except Fisher's Island), and Westchester; all piers, docks and wharves connected therewith and all craft moored thereat; and including territory within such boundaries which is occupied by government establishments.

Handler:

Person who:

- (1) Handles milk or milk products, which milk was received at a pool plant or at a plant approved by any health authority as a source of milk for the marketing area; or
- (2) Handles milk, concentrated fluid milk, cultured or flavored milk drinks, cream, or skim milk which is shipped to the marketing area;
- (3) A cooperative association is a handler with respect to milk which it causes to be delivered from dairy farmers to a pool plant or any other handler for which such association receives payment.

Pool Plant:

A pool plant is one which is found to meet certain requirements (specified by the order) and is specifically designated as a pool plant by the Secretary. A plant so designated remains a pool plant until the designation is cancelled. Any other plant is also a pool plant during any month if it supplies certain minimum amounts of Class I-A milk to the marketing area. These minimum amounts are specified in the order for different months of the year.

Producer:

Dairy farmer whose milk is delivered direct from farm to a pool plant.

Classification:

Basis of Classification - Classification is in accordance with the form in which milk is held at, or moved from (within the month following the month received from farmers), the plant at which classification is determined. Classification is determined at the plant where the milk is received from dairy farmers, unless such milk is shipped to another plant, or plants, in the form of milk or cream. If shipped in either of these forms, classification is based

on the form held at, or moved from, the plant to which it is shipped (without limit on the number of interplant movements which may take place in these forms prior to classification), subject to special conditions specified in the order.

Class I-A - Milk, concentrated fluid milk, fluid milk products, and cultured or flavored milk drinks containing 3.0 percent to 5.0 percent of butterfat (except those classified in I-B or I-C) and all milk the classification of which is not otherwise established.

Class I-B - All Class I-A products delivered to a plant or purchaser in an area regulated by another Federal order and not received at a plant in the marketing area except as an incident to its transportation and delivery to a point outside the marketing area provided that use aboard a ship or other carrier shall not constitute such delivery.

Class I-C - All Class I-A products which are delivered to a plant or purchaser in an area not under Federal regulation and not received at a plant in the marketing area except as an incident to its transportation and delivery to a point outside the marketing area provided that use aboard a ship or other carrier shall not constitute such delivery.

Class II - Cream, sweet or sour, fluid cream products, and cultured or flavored milk drinks containing less than 3.0 percent or more than 5.0 percent of butterfat sold in the marketing area, except products classified in another class.

Class III - Storage cream, all milk that leaves the plant in the form of products mentioned in other classes if such products have been sterilized and leave the plant in hermetically sealed containers, concentrated fluid milk not at any time packaged in consumer packages, and all other products not in some other class.

Class Prices (3.5 percent butterfat):

Class I-A - Price is computed in accordance with the following Formula:

- (1) Multiply a base price of \$5.66 by the monthly wholesale price index for all commodities in the second preceding month as reported by the Bureau of Labor Statistics, United States Department of Labor (1948 equals 100, i.e., the index with 1926 as base period divided by 164.9).
- (2) Determine monthly "utilization percentages" as follows:

Calculate the percentage that the volume of milk in Classes I-A, I-B, and I-C was of the total volume of reported receipts of milk from producers and from unrevealed sources for each of the 36 months for a three year period ending with the second preceding month.

- (3) Calculate the average of the 36 utilization percentages.
- (4) Calculate the average of the 6 utilization percentages for the second and third preceding months and for the same months of the two preceding years.
- (5) Divide the results determined under (4) by the result determined under (3).
- (6) Calculate the average of the utilization percentages for the second and third preceding months.
- (7) Divide the result pursuant to (6) by the result pursuant to (5). Express the result to 1 decimal place and add 100.
- (8) Subtract the figure 63.6 from the result of (7).
- (9) Multiply the result of (8) by the result of (1).
- (10) To obtain the Class I price for each month multiply the result of (9) by the following seasonal adjustment factors:

| | | | |
|---------------|------|-----------------|------|
| January | 1.05 | July | 0.95 |
| February | 1.03 | August | 1.00 |
| March | 1.00 | September | 1.04 |
| April | .94 | October | 1.07 |
| May | .88 | November | 1.09 |
| June | .88 | December | 1.07 |

When certain relationships are not maintained for a period of three months between the index of wholesale commodity prices and an index of the cost of production or an index of the cost of production and the index of the Class I-A price or the prices paid at 18 condenseries (see Chicago order for list) and the Class I-A price, the Secretary must announce a public hearing to reconsider Class I prices or he must give his reasons for not doing so.

Class I-B - Same as Class I-A price.

Class I-C - The uniform producer price plus 20 cents.

Class II - The sum of a butterfat component and a skim milk value.

The butterfat component is related to the price per pound of New York 92-score butter. When such price is less than 21.5 cents, the component price is \$1.35 per hundredweight for March through July, and \$1.50 per hundredweight for August through February. For each 3.5 cents increase in the butter price, the component increases by 15 cents.

The skim milk value is computed as follows:

- (ii) Multiply by 7.5 the average price for hot roller process nonfat dry milk solids "other brands, human consumption, carlots, bags or barrels" published in the "Producers' Price Current" and subtract 48 cents.

Class III - A butterfat value (shown below) multiplied by 3.5, minus 80 cents, plus an amount obtained as follows: Multiply by 7.8 the weighted average price per pound of nonfat dry milk solids, (as computed by the market administrator giving a weight of 70 to roller process prices and a weight of 30 to spray process prices,) human consumption, carlots, f.o.b. Chicago manufacturing plants, as published by the USDA for the period from the 26th day of the preceding month through the 25th day of the current month.

The butterfat value for the months of March through July is computed as follows:

- (1) Add 2 cents to the simple average of the daily wholesale selling price per pound reported for the month by the United States Department of Agriculture for 92-score butter at New York and multiply by 1.22.
- (2) The butterfat value for the months of August through February is computed as follows: Divide the audited weighted average price per 40-quart can of 40 percent bottling quality cream f.o.b. Boston as published by the United States Department of Agriculture for such month by 33.48. (If this price is not reported, the butterfat value is computed in accordance with (1).) The butterfat value during August through February shall not be lower than the value computed pursuant to (1).

Butter-cheese adjustment - Milk made into butter or Cheddar, American Cheddar, Colby, washed curd, or part skimmed Cheddar cheese, and plant loss associated with such products is priced at 4 cents (or smaller amount under specified conditions) per pound of butterfat in such milk less than the Class III price.

Fluid skim differential - Skim milk derived from Class II or Class III milk is disposed of in the marketing area in the form of milk, fluid skim milk, cultured milk drinks, or is unaccounted-for, is subject to an additional charge equal to the difference between the Class II price and the Class I-A price divided by .9125.

Butterfat Differentials:

Classes I-A, I-B, and I-C - 4 cents.

Classes II and III - Subtract from the respective class price the skim milk value for Class II and divide the remainder by 35.

Producer Price - Average of class price differentials weighted by the pounds of butterfat in each class for the previous month.

Location Differentials:

Classes I-A, I-B, I-C and skim milk subject to the fluid skim differential - Specified amounts by 10-mile zones from a base zone of 201-210 miles. The differential for the 1-10 mile zone (including the marketing area) is plus 15 cents. The differential for the 491-500 mile zone is minus 14 cents.

Classes II and III - Specified amounts by 25 mile zones from a base of 201-225 miles. The differential for the 1-25 mile zone (including the marketing area) is plus 8 cents. The differential for the 476-500 mile zone is minus 11 cents.

Butter-cheese adjustment - For Class III milk subject to the butter-cheese adjustment which is received from producers at plants more distant from the marketing area than the 301-325 mile zone, the maximum zone differential allowed is 4 cents.

All Classes - Handlers pay an additional 5 cents on all milk received from producers at plants in the marketing area and at plants located at specified places or in specified counties outside the marketing area.

Producer Price - Differentials applicable to Class I-A plus additional differentials of 35 cents for milk delivered to plants in the marketing area and 25 cents for milk delivered to plants located at specified places or in specified counties.

Method of Accounting for Milk:

The amount of milk in each class is computed by converting to milk equivalent at average tests of receipts, the butterfat used in the products of each class. Skim milk subject to the skim milk differential is computed on a volume basis.

An accounting procedure is set up by the market administrator in accordance with general principles specified in the order. Such procedure includes the manner of determining plant loss allowances not to exceed 5 per cent of the butterfat content in the final product, and conversion factors for use in the absence of specific weights or tests.

After notice and hearing ("meeting"), the market administrator may issue tentative regulations with respect to the classification of milk which, if approved by the Secretary, become effective on the first day of the month following such approval.

Type of Pool:

Market-wide, monthly pool without base rating plan or new producer clause.

Interhandler Transfers:

The order sets forth the basis for determining classification for milk moved in different forms and between different types of plants.

Outside Purchases:

If milk, cream or skim milk is received at a plant from producers or pool plants and also from dairy farmers who are not producers and from non-pool plants, the receipts from pool plants and producers are assigned as far as possible to Class I-A, Class II or to skim milk subject to the fluid skim differential. After making this assignment, pool milk and non-pool milk is assigned pro rata to the remaining classifications.

Handlers are required to pay specified amounts per hundredweight for milk, concentrated fluid milk, fluid milk products, cultured or flavored milk drinks, cream, fluid cream products, and skim milk which meet each of the following conditions:

- (1) It was derived from milk received at a plant from dairy farmers (other than the handler operating such plant) who are not producers, and subsequently moved into the marketing area or to a pool plant; and

- (2) The milk or milk equivalent of the butterfat is in Class I-A or Class II, or the skim milk is subject to the fluid skim differential.

If the milk or the milk equivalent of the butterfat or the skim milk is subject to another Federal order, the payments shall be any amount by which the class price under this order exceeds the class price under the other order, except that payment on skim milk is at the fluid skim differential.

If the milk is not subject to another Federal order and if the milk is disposed of in the form of Class I products, the rate of payment is the difference between the Class I-A and the Class III price in the 201-10 mile zone. If the milk is disposed of in the form of Class II products, the rate of payment is the difference between the Class II price and the Class III price, except that payment on skim milk (either as skim milk or in cultured milk drinks) is at the fluid skim differential.

If the source of the milk or milk products is not revealed and if such milk or milk products are disposed of as Class I products, the payment is at the Class I-A price in the 201-10 mile zone. If the products are disposed of in the form of Class II products, the milk equivalent of the butterfat is priced at the Class II butterfat component and skim milk is priced at the Class II skim milk component divided by .9125 and an amount equal to the fluid skim differential is added.

Milk received from farms in Nassau and Suffolk Counties (which farms are not approved for sale of milk in New York City) is not included in the computation of pool obligations of handlers. Such milk is assigned pro rata to the total classification of all milk from producers and pool plants.

Outside Sales:

Sales of Class I products to areas regulated by another Federal order are priced at the Class I-A price. Sales of Class I products outside the marketing area and outside of another Federal order market are priced at 20 cents per hundredweight over the uniform price.

Producer-handler:

Milk produced on a handler's own farm is not subject to pricing and pooling under the order.

Expense of Administration:

Handlers pay administrative costs not to exceed 2 cents per hundredweight on milk received from producers.

Special Producer Provisions:

Provision is made for payment by handlers into the producer-settlement fund and for later disposition of payments due producers who cannot be located and of payments concerning which dispute arises as to whether such payments are due producers.

Payments out of the producer-settlement fund are made to qualified cooperatives at the following rates:

- (1) .75 cent per hundredweight for milk of member producers caused by a bargaining cooperative to be delivered to a handler's plant.
- (2) 2 cents per hundredweight for milk of member producers caused to be delivered to a plant of another handler by a cooperative association which reports and collects for such milk.
- (3) 4 cents per hundredweight for milk received from producers at plants operated by a cooperative. If such a cooperative has been determined by the Secretary to have sufficient plant capacity to receive all the milk of member producers and to be willing and able to receive milk from non-members, it may be paid 4 cents per hundredweight for milk received from producers which it causes to be delivered to another handler.

Special Handler Provisions:Storage cream --

- (1) On storage cream (separated from producer milk) which is disposed of as sour cream or reconstituted cream in the marketing area or which is not established to have been otherwise utilized, the handler is required to pay into the producer-settlement fund 9 cents per pound of butterfat if the milk was separated in the months of March through July and 10 cents per pound of butterfat if it was separated in the months of August through February.
- (2) Payments are made to handlers out of the producer-settlement fund on frozen cream which cream is separated from producer milk during April through September and assigned to butter in the months of January through March, an amount per pound equal to the butter-cheese adjustment.

FEDERAL MILK ORDER NO. 68

Wichita, Kansas

Marketing Area:

Wichita, Kansas and Delano, Kechi, Minneha, Riverside, Waco, and Wichita Townships, and the city of Eastborough, all in Sedgwick County.

Handler:

Person who disposes of Class I or Class II milk in the marketing area from a plant approved by the City of Wichita. A cooperative association is also a handler with respect to producer milk which it diverts to a plant from which no milk is disposed of in the marketing area as Class I or Class II.

Pool Plant:

A plant, other than that of a producer-handler, approved by Wichita, or Sedgwick County, Kansas health authorities, from which milk is disposed of in the marketing area as Class I and II in quantities equal to or in excess of specified percentages of total receipts as follows:

- (1) During any delivery period July through February, if sales are at least 15 per cent of receipts,
- (2) During any delivery period March through June if:
 - (a) The plant was a pool plant during each of the preceding months August through December and sales were equal to 50 per cent of receipts, or
 - (b) The plant was not an approved plant during each of the preceding months August through December and current sales were equal to 40 percent of receipts..

Producer:

Person who produces milk in conformity with the health regulations of Wichita, Kansas, or Sedgwick County, Kansas, which milk is delivered to a pool plant or which is diverted from a pool plant, and excluding any approved dairy farmer with respect to milk received by a handler partially exempted from this order..

Classification:

Class I - Milk and skim milk (1) disposed of as milk, skim milk, buttermilk, flavored milk, and milk drinks, (2) used to produce fluid or frozen concentrated milk, flavored milk or flavored milk drinks neither sterilized nor in hermetically sealed cans, and (3) milk not accounted for as Class II or Class III.

Class II - Milk disposed of as cream, aerated cream, cream products testing less than 18 percent, eggnog, and cottage cheese.

Class III - Milk disposed of:

- (1) As butter, cheese (other than cottage cheese), evaporated milk, ice cream, ice cream mix, powdered milk, and butter starter,
- (2) For wholesale baking and candy purposes,
- (3) As livestock feed, and
- (4) As unaccounted-for milk not in excess of 3 percent of total receipts (except receipts from other handlers).

Class Prices (3.8 percent butterfat):

"Basic formula" price - The higher of:

- (1) The average of prices paid for 3.5 percent milk adjusted to 3.8 percent on a direct ratio basis at 18 plants (see list under Chicago order), or
- (2) 92-score butter at Chicago multiplied by 3.8 plus 20 percent

PLUS OR MINUS

3-1/2 cents for each half-cent that the price per pound, carlot, human consumption, of dry milk solids, f.o.b. manufacturing plants Chicago area, differs from 5.5 cents. If the above dry milk solids prices are not quoted, then use carlot, human consumption nonfat dry milk solids delivered at Chicago and substitute a "make" allowance of 7.5 cents instead of 5.5 cents.

Class I - For the months of January, February, and March 1952, the basic price for the preceding month plus \$1.80; for each month thereafter the basic price for the preceding month plus \$1.65.

Class II - Class I price less 25 cents.

Class III - The higher of:

- (1) A price computed pursuant to (2) above, using prices for butter and nonfat dry milk solids for the current delivery period, less 15 cents in April, May, June and July.

- (2) The average of prices paid or to be paid during the delivery period for ungraded milk at the following plants:

| <u>Present Operator</u> | <u>Location</u> |
|--|-----------------------|
| DeCoursey Cream Company | Wichita, Kansas |
| Wilson and Company | Blackwell, Oklahoma |
| Arkansas City Cooperative Milk Association | Arkansas City, Kansas |

Butterfat Differentials:

Handler price - None.

Producer price - 92-score butter at Chicago multiplied by 0.12.

Location Differentials:

None.

Method of Accounting for Milk:

Milk in Class I is accounted for on a volume basis and milk in Class II and III is accounted for on the basis of the 3.8 percent milk equivalent of the butterfat in each class.

Type of Pool:

Market-wide pool with base rating; no new producer clause.

Interhandler Transfers:

Milk or skim milk transferred to another handler is Class I milk provided that milk or skim milk transferred (except to a producer-handler) may be classified as Class II or Class III if so reported by either handler to the market administrator. Cream disposed of to another handler is classified as Class II milk except that cream transferred to a handler who receives milk from producers may be classified as Class III milk if so reported to the market administrator.

Outside Purchases:

Milk received from sources other than handlers and producers is subtracted in the following sequence: (1) Class III milk, (2) Class II milk transferred to unapproved plants, (3) Class I milk transferred to unapproved plants, (4) other Class II milk, and (5) other Class I milk.

Outside Sales:

Milk and skim milk transferred in fluid form over 100 miles to an unapproved plant is classified as Class I; fluid cream transferred over 100 miles to an unapproved plant is classified as Class III except that Grade A cream is classified as Class II.

Fluid milk and fluid skim milk transferred less than 100 miles to an unapproved plant which distributes fluid milk and cream is classified as Class I and fluid cream is classified as Class II. If the purchaser permits verification of records by the market administrator, the above mentioned products are classified in the highest value classes remaining after subtracting in series beginning with the highest use classification milk received directly from dairy farmers.

Milk, skim milk and cream transferred less than 100 miles in fluid form to an unapproved plant which does not distribute fluid milk and cream is classified as Class III.

Milk sold outside the marketing area is priced the same as milk sold in the marketing area.

Producer-handler:

A handler who also produces milk but does not purchase milk from other producers is exempt from regulatory provisions of the order except that such handler must file periodic reports.

Expense of Administration:

Handlers pay administrative costs but not to exceed 4 cents per hundredweight.

Special Producer Provisions:

Deductions, as authorized by members, are turned over to cooperative associations. A marketing service charge not to exceed 4 cents per hundredweight is deducted for non-members.

Payments on account are made to each producer for milk delivered during the first 15 days of each month at the approximate value of such milk.

A base rating plan applies each month of the calendar year, with bases being determined by daily average deliveries during the preceding August through November, a temporary base being assigned to producers who did not deliver regularly during such base-forming period.

Special Handler Provisions:

On any milk received by a handler from sources other than producers or other handlers and sold as Class I or Class II, the handler is obligated to the pool for the difference between the Class III and the Class I or Class II price unless the handler can prove to the market administrator that producer milk was not available, directly or from another handler.

Handlers operating approved plants which are not pool plants must remit to the producer-settlement fund the lesser of:

- (1) The difference between Class I or Class II and the Class III price on milk sold in the respective classes, or
- (2) Difference between valuation at pool prices and amounts actually paid to the approved dairy farmers.

Handlers, who the Secretary determines, dispose of a greater proportion of their Class I and Class II milk in another federally regulated market are not subject to this order, except for reports. Also, for that proportion of milk the handler disposes of (except to other handlers) as Class I and Class II under this order he must pay into the producer-settlement fund the amount, if any, by which the value of such Class I or Class II milk is greater than the value of such milk as computed pursuant to the other order.

